08/04/91

Status Report

Marketing

Issues: Consumer research, positioning platform development, packaging, launch/distribution strategy, conversion kit and merchandising.

Recent Activity: Presented launch quantity assumptions at July planning meeting. Need to review trial, conversion and pricing assumptions further.

Presented advertising concepts to PMUSA management. Reviewed reactions with Burnett. Briefed the agency to develop more introductory executions and discussed broadening the appeal of the advertising in general.

Will present the overall communications strategy to PM management to provide a context for these concepts.

Discussed timeline issues and potential call volumes with consultant to help develop telemarketing and fulfillment programs.

Began negotiations for purchase of 1-800-422-2073. Although we already own 1-800-4ACCORD (422-2673), past telemarketing experience suggests that some consumers may accidentally dial the zero key instead of an "O". Having both numbers will insure that dialing either version will connect the smoker with our operators.

Reviewed cigarette and lighter logo development ("Use only with Accord lighter"). Initial ideas not as impactful and graphically appealing as is desired. Will develop additional ideas.

Upcoming Events: Review introductory ad copy development.

Discuss near term testing of the advertising being developed.

Sales & Distribution

Recent Activity: Have identified early issues, developed initial specs and time line with telemarketing consultant. Based on call estimates for launch markets, we will have a budget estimate in a month.

Further research on delivery options for tobacco. Have found services which will deliver to addressee but none ask for identification ($25-40 cost). Looking into local options for launch markets.

Submitted plastic type and content to insurance for feedback.

Scheduled meeting with customer service to further identify issues and work plan for physical distribution and systems work necessary for retail.

Discussed potential options for primary vs. warehouse with kit manufacturer.

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Consumer Research

Issues: Lighter design, taste acceptability, consumer receptivity (to concept, use, adjustment), consumer-related product performance (ease of use, comprehension, reliability, durability, consistency).

Recent Activity: Launch readiness model presented. Template will be updated with launch expectations and measurement criteria for areas of: business performance, sensory performance, analyticals, lighter performance and concept appeal.

Outlined research plans through product development and launch. With PED, identifying likely smoker samples: POL panelists in potential launch cities; drafted short questionnaire to screen likely interested consumers.

Upcoming Events: Small-scale trial and use experiences among employees--comprehension, adjustment.

Pilot tests of smoking booth methods.

Communication exploratory: Factors influencing "news value" / trial / adoption processes for new generation product entries.

Legal & Regulatory

Issues: Regulatory and legal review and research covering marketing, manufacturing, testing, distribution, planning and product liability issues; contractual arrangements; project assets structuring; document drafting and review.

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